



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH AUGUST 2019

DOMESTIC NEWS

The home unit shone on Monday, gaining traction versus the dollar in what was an active start to the week. Foreign currency inflows from various sectors of the economy more than sufficiently met the trifling dollar appetite from importers, leaving the local currency well supported. By close of trade, the local currency stood at 103.15/35, as compared to Friday's close of 103.25/45.

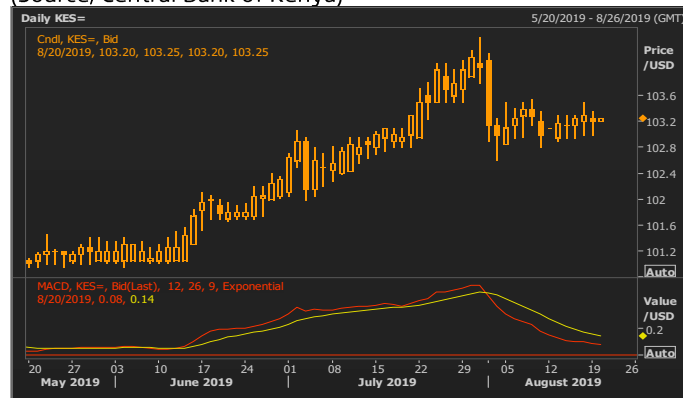
Looking ahead, the USDKES pair looks comfortable in the current ranges, we expect the same band to continue holding this week, with a bias towards a stronger shilling if the tightening liquidity in the money market space perseveres, on the flip side its fortunes may be fleeting as buyers of foreign currency may come to fore and nip the greenback at these lucrative levels. Meanwhile, the monetary authority mopped up KES 8 Billion in excess liquidity at a weighted average rate of 7.120% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.80	106.80	100.80	105.80
GBP/KES	121.30	129.30	121.80	128.80
EUR/KES	111.10	118.10	111.50	117.50
AED/KES	26.62	29.62	26.62	29.62

Money Market Rates	Current	Previous	Change
Interbank Rate	3.304%	3.325%	-0.021
91-Day T-bill	6.449%	6.547%	-0.098
182-Day T-Bill	7.154%	7.254%	-0.100
364-Day T-Bill	9.152%	9.038%	0.114
Inflation	6.270%	5.700%	0.570
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar was hovering near two-week highs on Monday as U.S. Treasury yields bounced back from recent lows amid hopes that major economies will seek to prop up slowing growth with fresh stimulus. In addition, this week's Jackson Hole symposium and Federal Reserve Chairman Jerome Powell's speech will be the focus for the dollar. In the meantime, Developments on the Sino-U.S. trade front were in focus. U.S. President Donald Trump dismissed concerns over the economic impact of the trade war with China, saying the U.S. economy is "doing tremendously well." Tech giant Huawei was also under the spotlight after Trump announced that restrictions on Huawei operations would be delayed 90 days, giving US telecom companies more time to untangle their systems from reliance on its technology.

The GBP/USD pair declines to 1.2126. In an effort to push the EU over Brexit negotiation table, the UK Prime Minister Boris Johnson wrote a four-page letter to the region's leader Donald Tusk offering alternative arrangements of the Irish backstop. However, the EU firmly said, that the withdrawal agreement is not open for renegotiation and the backstop is not open for change.

The euro fell on Monday to 1.1085 despite the uptick in the German bond yields. Inability of the euro to score gains despite the recovery in yields likely indicates concerns that Germany's stimulus, if any, will not be enough to buttress the economy.

The Japanese Yen holds in the newly acquired 106.00 territory, boosted again overnight in a risk-on environment where U.S. stocks moved sharply higher.

Elsewhere, global Oil prices were firm on Tuesday at \$56.15 per barrel amid easing trade tension between China and the U.S. over ongoing talks.

Indicative Profit Rates on Deposits

Amounts > 10 Million	Amounts >100,000	
	KES	USD
2 Weeks	6.50%	2.00%
1 Month	7.00%	2.50%
3 Months	8.00%	2.75%
6 Months	8.50%	3.50%
1 year	9.00%	3.75%

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1010	1.1195
GBP/USD	1.2095	1.2170
USD/AED	3.6675	3.6775
USD/JPY	105.80	106.50

For more details, contact our Treasury staff- Peter, Michael and Loryne on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.